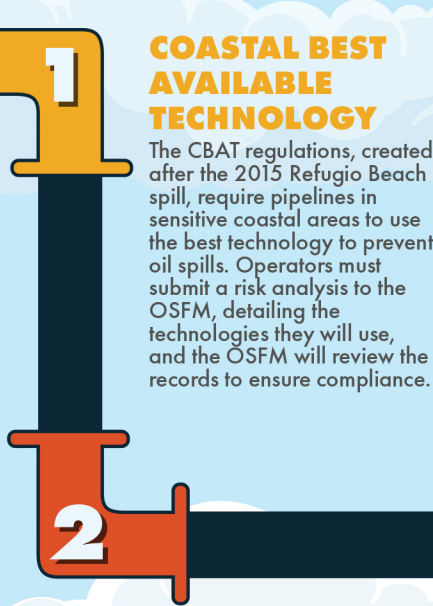




PATHWAYS FOR RESTARTING CA-324 AND CA-325 PIPELINES

Lines CA-324 and CA-325, formerly known as Lines 901 and 903, transported crude oil from the Santa Ynez Unit.

These lines are overseen by the CAL FIRE - Office of the State Fire Marshal (OSFM) and other agencies, and operators must meet all safety and regulatory requirements, including any environmental review, before restarting.



COASTAL BEST AVAILABLE TECHNOLOGY

The CBAT regulations, created after the 2015 Refugio Beach spill, require pipelines in sensitive coastal areas to use the best technology to prevent oil spills. Operators must submit a risk analysis to the OSFM, detailing the technologies they will use, and the OSFM will review the records to ensure compliance.

CONSENT DECREE

After the Refugio spill, a U.S. District Court Consent Decree placed specific conditions on restarting CA-324 and CA-325. Operators must submit reports and coordinate with the OSFM to meet requirements related to the State Waiver, Replacement, Restart, or Abandonment of the pipelines, Integrity Management, Valves, Risk Analysis, and Leak Detection.

INTEGRITY MANAGEMENT PROGRAM

The Pipeline and Hazardous Materials Safety Administration (PHMSA) Integrity Management Program requires operators to assess pipeline risks to prevent failures. OSFM mandates integrity tests, such as hydrostatic tests or in-line inspections, every five years, and idle pipelines must undergo these tests before restarting.

STATE WAIVER

A State Waiver allows adjustments to regulations if alternative measures provide equal or better safety. The operator must obtain a State Waiver from the OSFM and approval from PHMSA as required by the Consent Decree before restarting CA-324 and CA-325.

DEFERRED MAINTENANCES

Idle pipelines, regulated under the Elder Pipeline Act and 49 CFR Part 195, are overseen by the OSFM until formally abandoned. Deferred maintenance must be completed on idle pipelines before they can restart, following guidelines from PHMSA.

STARTUP PLAN

A startup plan outlines the steps for safely restarting the pipelines, and the OSFM will review the plan and conduct inspections to ensure compliance. The Consent Decree's Appendix D lists the minimum requirements for restarting CA-324 and CA-325, with the startup plan being the final step in the process.

